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9 GERENCIA 360 MUSIC, INC.
GERENCIA 360 PUBLISHING, INC.

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

5 GERENCIA 360 MUSIC, INC. and
6 GERENCIA 360 PUBLISHING, INC.,
7 Plaintiffs,
8 vs.
9 CORNELIO VEGA CUAMEA, JESUS
0 CORNELIO VEGA LUNA, JESUS
1 VALENTIN VEGA LUNA, COVE
2 RECORDS, INC., MARIO AGUILAR,
RUBEN GONZALEZ, and WOUNDED
ENTERPRISES, INC.,
3 Defendants.
4
5 Case No.
6 **COMPLAINT FOR:**
7 **(1) Breaches of Contract**
8 **(2) Inducement to Breach of**
9 **Contract**
0 **(3) Intentional Interference with**
1 **Contractual Relations**
2 **(4) Unfair Competition (Violation of**
3 **California Bus. & Prof. Code**
4 **§§ 17200 et. seq)**
5 **(5) Copyright Infringement**
6 **(6) Unjust Enrichment**
7 **DEMAND FOR JURY TRIAL**

1 Plaintiffs, Gerencia 360 Music, Inc. and Gerencia 360 Publishing, Inc.
2 (collectively, “Gerencia”), through counsel, hereby file the following complaint
3 against the defendants, Cornelio Vega Cuamea, Jesus Cornelio Vega Luna (“Cornelio
4 Jr.”), Jesus Valentín Vega Luna (collectively, “CVYSD”), Cove Records, Inc., Mario
5 Aguilar, Ruben Gonzalez and Wounded Enterprises, Inc. (together with CVYSD and
6 collectively, “Defendants”), and allege as follows:

7 **INTRODUCTION**



20 1. This image was posted on social media to communicate CVYSD’s
21 repudiation of their exclusive contractual commitments to Gerencia. The members of
22 this musical group, CVYSD, only recently sprang from obscurity to fame on the
23 strength of Gerencia’s financial support, connections, and music industry expertise.
24 Upon attaining the very musical stardom to which the parties’ contracts aspired,
25 CVYSD snubbed Gerencia and began breaching their contractual commitments by
26 flinging demonstrably false accusations as pretext for terminating their contracts with
27 Gerencia; conspiring with a recording studio to steal masters from an unfinished album
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1 belonging to Gerencia; campaigning to smear Gerencia's good name and reputation;
 2 and misusing Gerencia's recordings and intellectual property to promote their own,
 3 competing label. Gerencia's good faith efforts to address CVYSD's fictional
 4 grievances have been met with open derision, including social media posts in which
 5 Defendants have hoisted the middle finger at Gerencia and openly invited this
 6 litigation with the public taunt, "***sue me, I don't give a fu%k.***"

7 **JURISDICTION AND VENUE**

8 2. This Court has subject matter jurisdiction over this action pursuant to 28
 9 U.S.C. § 1338(a). There is federal question jurisdiction as this action arises under the
 10 Copyright Act, 17 U.S.C. §§ 101 *et seq.*

11 3. This Court also has supplemental jurisdiction over Gerencia's California
 12 state law claims pursuant to 28 U.S.C. § 1337.

13 4. Pursuant to 28 U.S.C. § 1391(b) venue is proper in the Central District of
 14 California because the agreements at issue provide that all disputes are governed by
 15 California law and shall be resolved in this Court. Additionally, a substantial part of
 16 the events giving rise to this action occurred in this District, and all Defendants are
 17 subject to the Court's personal jurisdiction. Venue is also proper in this District
 18 pursuant to 28 U.S.C. § 1400(a), because this is where several of the Defendants
 19 (specifically, Mario Aguilar, Ruben Gonzalez and Wounded Enterprises, Inc.) either
 20 reside or may be found.

21 5. All conditions precedent to the prosecution of this action have been
 22 satisfied, fulfilled, extinguished, waived or otherwise executed.

23 **PARTIES**

24 6. Plaintiff, Gerencia 360 Music, Inc. ("Gerencia 360 Music"), is a
 25 California corporation having its principal place of business in Burbank, California.

26 7. Plaintiff, Gerencia 360 Publishing, Inc. ("Gerencia 360 Publishing"), is a
 27 California corporation having its principal place of business in Burbank, California.

1 8. Defendant, Cornelio Vega Cuamea (“Cornelio Sr.”), is an individual who
2 is a resident and citizen of Mexico, and a member of the musical group presently
3 known as Cornelio Vega y Su Dinastía (“CVYSD”).

4 9. Defendant, Cornelio Jr., is an individual who is a resident and citizen of
5 Mexico, the son of Cornelio Sr. and a member of CVYSD.

6 10. Defendant, Jesus Valentín Vega Luna (“Jesus Valentin”), is an individual
7 who is a resident and citizen of Mexico, the son of Cornelio Sr. and a member of
8 CVYSD.¹

9 11. Defendant, Cove Records, Inc., is a Texas corporation incorporated by
10 Cornelio Sr. and has its principal place of business in San Antonio, Texas.

11 12. Defendant, Mario Aguilar, is an individual who is believed to be a
12 resident of South Gate, California. His citizenship is unknown to Plaintiffs.

13 13. Defendant, Ruben Gonzalez, is an individual who is believed to be a
14 resident of South Gate, California. His citizenship unknown to Plaintiffs.

15 14. Defendant, Wounded Enterprises, Inc., is a California corporation having
16 its principal place of business in South Gate, California. Upon information and belief,
17 Defendants Mario Aguilar and Ruben Gonzalez (“Messrs. Aguilar and Gonzalez”),
18 who purport to do business as “Wounded Studios,” own the company Wounded
19 Enterprises, Inc.

20 15. Defendants are subject to personal jurisdiction as they regularly conduct
21 business in the State of California, and have voluntarily agreed, and waived all
22 objections, to this Court’s exercise of personal jurisdiction over them.

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¹ References to CVYSD should be interpreted to apply both individually and collectively to Cornelio Sr., Cornelio Jr. and Jesus Valentin, unless otherwise indicated.

1 **FACTUAL BACKGROUND**

2 16. Founded in 2013 by Luis Del Villar (“Mr. Del Villar”), Gerencia is a
 3 burgeoning, yet already decorated, music company specializing in the Mexican
 4 Regional musical genre. Gerencia’s meteoric rise is attributable to its discovery and
 5 development of a roster of chart-topping Mexican millennial artists (“Mexillenials”),
 6 including CVYSD.

7 17. Gerencia and its affiliated entities provide comprehensive, or “360,”
 8 support to their artists though its record label, publishing arm, booking agency and
 9 management company.

10 18. Gerencia’s impact has caught the industry’s attention, as Mr. Del Villar
 11 has been recognized, by among others, the Billboard’s Latin Power and Indie Power
 12 Players Lists.²

13 19. CVYSD is a Mexican Regional musical group featuring Cornelio Sr., his
 14 two sons, and two other backup instrumentalists. The youngest son, Cornelio Jr., is
 15 the band’s lead singer, songwriter and accordion player.

16 20. CVYSD was formed in Ciudad Obregón, State of Sonora, Mexico, where
 17 the band members are believed to reside.

18 21. Messrs. Aguilar and Gonzalez own and operate a recording studio in
 19 South Gate, California, doing business as “Wounded Studios” and having incorporated
 20 a California corporation named Wounded Enterprises, Inc. CVYSD recorded, but did
 21 not complete, a second studio album at the “Wounded Studios” location.

22 _____
 23 2 See e.g.: <https://www.billboard.com/articles/business/7898108/2017-indie-music-business-executives-power-list-independents>.

25 <https://www.billboard.com/articles/business/8471904/billboard-indie-power-players-list-2018>.

27 <http://yayainthecity.com/meet-the-guy-billboard-magazine-is-calling-the-new-starmaker/>.

1 ***CVYSD Signs with Gerencia in October 2016.***

2 22. In October 2016, Gerencia seized upon an opportunity to promote and
 3 develop a father-son trio, which was languishing in relative obscurity despite talent
 4 and a recognizable family name in the Regional Mexican genre: Vega. The Vega
 5 name first reached some acclaim in the mid-1990s, when Cornelio Sr. recorded a
 6 number of Regional Mexican hit songs as both a soloist and alongside his brother in
 7 the musical group known as *Hermanos Vega* (Vega Brothers).

8 23. Two decades later, in 2014, Cornelio Sr. formed CVYSD with his two
 9 teenage sons. The band's name, which translates to "Cornelio Vega and his Dynasty,"
 10 is a tribute to the Vega family name.

11 24. CVYSD was unable to land a record deal in the first two years of its
 12 existence. Instead, CVYSD recorded and self-published a number of songs.

13 25. In early 2016, interest in CVYSD peaked when Cornelio Jr. and Jesus
 14 Valentin participated in the reality television talent show, *Tengo Talento, Mucho*
 15 *Talento* (I Have Talent, Much Talent), broadcast by EstrellaTV, and Cornelio Jr.
 16 released the single, *Primero*, on YouTube.

17 26. Recognizing CVYSD's potential and appeal to "Mexillenials," Gerencia
 18 sought to sign CVYSD. The parties negotiated and ultimately entered into two
 19 agreements: (i) a "360" or "multi-rights" deal covering a wide range of services,
 20 including recording, publishing, touring, brand management, advertising and
 21 merchandising services; and (ii) a Participation Agreement concerning CVYSD and
 22 the band member's distribution of content on YouTube and related online platforms.
 23 CVYSD also entered into an exclusive management agreement with Gerencia's
 24 affiliate, Gerencia 360 Management, Inc.³

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 27 ³ Gerencia 360 Management, Inc.'s management agreement is not subject to this
 28 litigation.

1 27. On October 28, 2016, Cornelio Sr., Cornelio Jr. and Jesus Valentin,
 2 individually and collectively, entered into the “360 Recording Contract with Multiple
 3 Exclusive Rights” (hereinafter, “360 Agreement”) with Gerencia 360 Music. (A
 4 partially redacted copy of the Certified Translation of the 360 Agreement is attached
 5 hereto as **Exhibit 1**).

6 28. The 360 Agreement provided for an initial one-year period, which could
 7 be extended by up to four consecutive option periods, for a total duration of five years.
 8 (*See* 360 Agreement ¶ 2(D)). The agreement’s territorial scope was the world. (*Id.* ¶
 9 2(C)).

10 29. The 360 Agreement was designed to provide a full array of services
 11 touching upon most, if not all, aspects of CVYSD’s musical career.

12 30. Pursuant to the 360 Agreement, Gerencia agreed to invest up to
 13 \$400,000.00 in connection with the recording, promoting and marketing of each of
 14 CVYSD’s forthcoming albums and any attendant music videos. (*See id.* ¶ 2(B)(1)).
 15 Gerencia agreed to provide the band with a \$40,000.00 advance. (*Id.* at 1).

16 31. In exchange for Gerencia’s investment of time and resources, CVYSD
 17 agreed to record an original album (consisting of at least eleven original compositions
 18 (“masters”) and an aggregate length of 30 minutes) during each one-year period, and
 19 to confer intellectual property and revenue-sharing rights to Gerencia. (*See id.* ¶¶
 20 2(B)(2), 3(A), 3(E)-(G), and 4(A)-(F)).

21 32. Specifically, CVYSD agreed to record the masters in a recording studio
 22 at mutually agreeable dates and times, and to deliver to Gerencia completely finished,
 23 edited and mixed stereo masters in a manner suitable for commercial manufacturing
 24 and digital distribution. (*See id.* ¶ 3(C)). CVYSD further agreed to deliver the masters
 25 and album to Gerencia within sixty (60) days of Gerencia’s request and no earlier than
 26 nine (9) months after the preceding album. (*See id.* ¶ 3(A)).

27 33. The masters, albums and music videos recorded and delivered by
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1 CVYSD to Gerencia are works for hire and/or works assigned to Gerencia, with all
 2 copyright interests vesting in Gerencia. (*See id.* ¶ 3(G)). Pursuant to the 360
 3 Agreement, Gerencia is conferred the full panoply of Section 106 exclusive rights
 4 under the Copyright Act, including the exclusive right to distribute, create derivative
 5 versions, publicly perform, and otherwise exploit the copyrights to the masters and
 6 music videos. (*Id.*).

7 34. CVYSD agreed to revenue splits with Gerencia for: song and album sales
 8 and distribution; Sound Exchange royalties; publishing royalties; live concerts,
 9 performances and acting gigs; sponsorship deals, advertising placements, and the use
 10 of CVYSD and the band members' names, images and likeness; and the sale of
 11 merchandise. (*See id.* ¶¶ 4, 5).

12 35. On October 28, 2016, Cornelio Sr., Cornelio Jr. and Jesus Valentin also
 13 signed the Participation Agreement with Gerencia for a five year term ending on
 14 October 28, 2021. (*See* Certified Translation of the Participation Agreement, a
 15 partially redacted copy of which is attached hereto as **Exhibit 2**, at ¶ 1).⁴

16 36. The Participation Agreement granted Gerencia exclusive global rights to
 17 distribute, administer, collect, and share in the revenues generated by CVYSD and the
 18 band members' music videos and user generated content (not otherwise generated
 19 pursuant to the 360 Agreement) posted on YouTube and social media platforms. (*See*
 20 *id.* ¶¶ 2-3). CVYSD agreed to a revenue split for such user generated content. (*Id.* ¶
 21 3).

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 25 ⁴ The *Contrato de Participación* was translated from its original Spanish into English
 26 as "Joint Venture Agreement" (*see* Ex. 2), but Participation Agreement is a more
 27 accurate translation of the agreement's name, and better reflective of the agreement's
 28 substance.

1 ***Gerencia Heavily Invests in CVYSD, and Raises CVYSD to New Heights.***

2 37. Backed by Gerencia's financial support, CVYSD completed its first
 3 official studio album entitled, *El Problema*. *El Problema* featured thirteen tracks and
 4 was released by Gerencia on November 10, 2017. Gerencia invested in excess of
 5 \$635,000.00 in producing and promoting this album, including producing five music
 6 videos for the songs: *Las Tekates*, *Yo Soy*, *No Me Hubiera Enamorado*, *El Primero*
 7 and *El Problema*.

8 38. The *El Problema* album was a resounding success and produced several
 9 hit singles that quickly climbed the charts, and placed CVYSD in rarified air. In
 10 particular, *No Me Hubiera Enamorado* made the Billboard's Top 40 Hot Latin Songs
 11 list in January 2018, rising all the way to Number #4, and rose to Number #1 on
 12 monitor LATINO's Mexico's Hot Song Popular list. This song has been streamed
 13 more than 28.2 million times on Spotify and 41 million times on YouTube, and its
 14 music video has been watched over 74 million times on YouTube.

15 39. The first album produced other hits, such as the album's namesake track,
 16 *El Problema*, featuring another one of Gerencia's top artists, Adriel Favela. The song
 17 *El Problema* has been streamed over 14.1 million times on Spotify and its music video
 18 has been viewed over 56 million times on YouTube.

19 40. Following the release of *El Problema*, CVYSD played to large audiences
 20 in Mexico, and launched an international tour with a series of concert dates in the
 21 United States, including in California, Illinois and Texas.

22 41. Gerencia's heavy investment in creating, enhancing and promoting
 23 CVYSD was instrumental to CVYSD's success, and led to a spike in CVYSD's
 24 marketability and financial fortunes. By way of example, CVYSD's performance fee
 25 for concerts and live events increased by more than 530 percent (from approximately
 26 MXN \$280,000.00 to \$1,500,000.00, or roughly U.S. \$75,000.00) for events taking
 27 place in Mexico, and more than doubled for U.S. concert events.

1 42. Committed to CVYSD's musical career and to furthering the band's
 2 ascension, Gerencia exercised the first option pursuant to the 360 Agreement,
 3 extending the agreement for the October 28, 2017 to October 28, 2018 term.

4 43. Thereafter, on April 24, 2018, Gerencia contracted with Messrs. Aguilar
 5 and Gonzalez *d/b/a* "Wounded Studios," a recording studio located in South Gate,
 6 California, and made an initial deposit towards the recording and producing of
 7 CVYSD's second studio album. (*See* Producer Work for Hire Agreement, a true and
 8 correct copy of which is attached hereto as **Exhibit 3**).

9 44. Pursuant to Gerencia's agreement with Wounded Studios, CVYSD was
 10 to record at least eight (8) tracks: (1) *Fue Un Error Amarte*; (2) *No Vuelvo Con Ella*;
 11 (3) *Te Arrepentiras*; (4) *Ven Conmigo*; (5) *Y Como Le Hago*; (6) *Loco*; (7) *La Kushara*;
 12 and (8) *Sin Raspar Muebles*. (*Id.* at Schedule A).

13 45. On April 25, 2018, CVYSD recorded the eight tracks (and possibly
 14 others) at the Wounded Studios, in South Gate, California. Pursuant to the 360
 15 Agreement, CVYSD were required to record at least three (3) additional tracks in time
 16 for the second album's scheduled official release in November 2018. Despite
 17 Gerencia's insistence, neither Mario Aguilar nor Ruben Gonzalez delivered the sound
 18 recordings that they and Wounded Studios agreed to deliver to Gerencia under the
 19 Producer Work for Hire Agreement. To date, Messrs. Aguilar and Gonzalez have
 20 delivered only one out of fourteen sound recordings that were due to be recorded by
 21 CVYSD.

22 46. The first single from the envisioned second album, *La Kushara*, was
 23 released on April 4, 2018. *La Kushara* was released ahead of Gerencia's scheduled
 24 release date (and even prior to CVYSD's recording session at Wounded Studios), as
 25 Cornelio Jr. had published the song on YouTube on March 30, 2018, without
 26 Gerencia's authorization and consent.

27 47. By June 2018, *La Kushara* topped 1.6 million streams on Spotify. Since

1 Cornelio Jr.'s unauthorized publication, the song has been listened to over 6.4 million
 2 times on YouTube, despite the lack of advance promotion and an accompanying music
 3 video.

4 48. The second single from the second album, *Fue un Error Amarte*, was
 5 released on June 22, 2018 and followed by the release of a music video on June 23,
 6 2018. *Fue un Error Amarte* was a chart-topping hit, reaching No. #1 on the iTunes
 7 Mexico general chart and amassing over 29 million views on YouTube since the music
 8 video's release, including 1 million views within the first 24 hours. To date, the song
 9 has been streamed over 9.7 million times on Spotify, without the support of CVYSD.

10 49. *Fue un Error Amarte* spurred a rapid growth in CVYSD's fan base.

11 50. Gerencia's then on-going investment in the second album was
 12 approximately \$176,000.00.

13 51. With Gerencia's financial support and market expertise, CVYSD
 14 graduated from an unappreciated band, unknown outside of Mexico, into an
 15 international phenomenon.

16 52. At last count, CVYSD has over 4 million followers on Facebook and
 17 Instagram, over 137 million music video views on YouTube, and over 50 million
 18 streams on Spotify of the songs released under the Gerencia label. CVYSD also
 19 currently has over 1.2 million monthly listeners on Spotify, and its music is played
 20 throughout the United States, including on radio stations in major markets in Texas,
 21 California, Colorado, Georgia and Tennessee.⁵

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⁵ Further, at the recent 2018 Premios de la Radio, held on November 8, 2018 in
 Guadalajara, Mexico, CVYSD won the awards for Artist of the Year and Norteño
 Group of the Year.

1 ***CVYSD Repudiates the 360 and Participation Agreements.***

2 53. Despite the fact that CVYSD's new found success is a byproduct of
3 Gerencia's financial and promotional support and market expertise, CVYSD has
4 turned its back on Gerencia.

5 54. In fact, just as CVYSD's star was on the verge of shining brighter,
6 CVYSD abruptly, unexpectedly and improperly announced its desire to end its
7 contractual relationship with Gerencia. Specifically, on July 24, 2018, Cornelio Sr.,
8 as the "owner and legal representative" of CVYSD, sent a termination or "withdrawal"
9 notice (*Carta de Retiro*) to Gerencia. (*See* Letter from Cornelio Sr. to Mr. Del Villar
10 dated July 24, 2018, a true and correct copy, as received by Gerencia, of which is
11 attached hereto as **Exhibit 4**).

12 55. Cornelio Sr.'s letter levied several misconceived or outright false
13 accusations about Gerencia's alleged breaches of the 360 and Participation
14 Agreements, as a pretext for demanding the termination of the agreements and seeking
15 more favorable economic terms. Chief among Cornelio Sr.'s complaints were: (i)
16 CVYSD's alleged obligation to fund the band members' travel and lodging costs; (ii)
17 the accuracy of Gerencia's accounting; and (iii) the quality of services and
18 professionalism of Gerencia's staff tasked with planning and providing logistical
19 support for CVYSD's shows. (*See id.* at 3-7).

20 56. Cornelio Sr.'s accusations are demonstrably false.

21 57. The letter declared CVYSD's intent to not abide by its obligations under
22 the 360 and Participation Agreements unless Gerencia modified the terms of the
23 agreements. Specifically, Cornelio Sr. threatened to: (i) cancel shows in the United
24 States that Gerencia had already booked, and (ii) refuse to renew the band members'
25 immigration visas, thereby insuring that CVYSD would not be able to travel and
26 perform in the United States during the August 2018 to August 2019 period. (*Id.* at 4-
27 5).

1 58. On August 3, 2018, CVYSD played at The Forum in Los Angeles,
 2 California.

3 59. Elevating his threats into action, CVYSD did not renew their work visas
 4 in order to attend the next United States shows that had been booked at the Lynn
 5 Auditorium in Lynn, Massachusetts, the United Place in New York, New York, and
 6 La Movida Night Club in Bakersfield, California, from August 10 to 18, 2018. As a
 7 consequence, Gerencia was forced to cancel these shows.

8 60. Sinisterly, as CVYSD was forcing Gerencia to cancel the band's United
 9 States tour, on August 7, 2018, Cornelio Sr. incorporated Cove Records, Inc. ("Cove
 10 Records") in Texas for the purpose of having Cove Records exploit the music that
 11 Gerencia had paid for, and the intellectual property rights that CVYSD had
 12 contractually conferred to Gerencia.

13 61. On August 24, 2018, Cornelio Jr. wrote to Mr. Del Villar that *Desde la*
 14 *Escondida* – a promotional “live album” released in advance of *El Problema* – should
 15 be treated by Gerencia as the second studio album under the 360 Agreement (as
 16 opposed to the recorded second album for which Gerencia had already invested in).

17 62. Cornelio Jr. left no doubt as to CVYSD’s plan to have Cove Records
 18 improperly step into Gerencia’s shoes (and enjoy the spoils of Gerencia’s investment),
 19 by stating that he would return the monies advanced by Gerencia to produce a second
 20 studio album, as “the new production is already paid for by CoveRecords [sic].”

21 63. Messrs. Aguilar and Gonzalez did not deliver the sound recordings for
 22 the second album to Gerencia, as required under the Producer Work for Hire
 23 Agreement. Instead, upon information and belief, Messrs. Aguilar and Gonzalez made
 24 a separate deal with CVYSD to provide the band with the sound recordings for use in
 25 Cove Record’s upcoming release.

26 64. On October 10, 2018, Gerencia demanded that Messrs. Aguilar and
 27 Gonzalez immediately deliver all materials related to the sound recordings produced

1 under the Producer Work for Hire Agreement. Messrs. Aguilar and Gonzalez never
 2 so much as even responded to Gerencia's request.

3 ***Gerencia Puts CVYSD on Notice of its Breaches, Offers to Salvage the Relationship,
 4 but is Met with Disparagement.***

5 65. From August to October 2018, Gerencia attempted to salvage its
 6 relationship with CVYSD, sending a series of letters in which it addressed Cornelio
 7 Sr.'s alleged concerns, and offering to discuss the terms of the parties' relationship.

8 66. On October 5, 2018, Gerencia placed CVYSD on formal notice of its
 9 breaches under the 360 Agreement, including, without limitation, CVYSD's failure or
 10 refusal to: (i) complete a second studio album, and to deliver all of the contracted-for
 11 masters; (ii) appear at concerts scheduled in the United States; (iii) allow Gerencia's
 12 staff to provide logistical support for the concerts in Mexico, including by making
 13 threats to Gerencia's staff; (iv) cooperate and coordinate with Gerencia in the
 14 promotional activities related to the first and second studio albums; (v) advise Gerencia
 15 of newly composed and/or recorded music and music videos, including collaborations
 16 with other artists and several works published on YouTube without giving prior notice
 17 or credit to Gerencia; (vi) abide by the agreements' exclusivity terms, including by
 18 promoting an album to be released by Cove Records, and selling merchandise through
 19 the "OnebyCVJR" and Cove Records' brands⁶; and (vii) make payment of Gerencia's
 20 revenue share from concerts and the sale of merchandise. (See Letter from James G.
 21 Sammataro, Esq. to CVYSD dated October 5, 2018, a partially redacted copy of which
 22 is attached hereto as **Exhibit 6**).

23 67. Gerencia also notified CVYSD that by recording, producing and
 24 publishing new music and music videos without Gerencia's knowledge or
 25 authorization, CVYSD had breached the 360 Agreement and infringed upon
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27 ⁶ See <https://onebycvjr.com/> and exemplar (Cove Records trucker hat), a true and
 28 correct copy of which is attached hereto as **Exhibit 5**.

1 Gerencia's intellectual property rights, including its exclusive copyright interests.

2 68. In particular, Gerencia noted that Cornelio Jr.'s composition and
 3 performance of the song *California Weed* with the artists Beatboy, Cyscö and Tax
 4 Millie, which was published on YouTube without Gerencia's knowledge, violated
 5 Gerencia's copyright and/or contractual rights. Gerencia also pointed to Cove
 6 Record's promotion of an album that contained songs slated for CVYSD's second
 7 studio album pursuant to the 360 Agreement, and distribution of musical works that
 8 belong to Gerencia. (*Id.* at 2-3).

9 69. As if its contractual breaches were not enough, CVYSD added insult to
 10 injury by embarking on an unrelenting smear campaign, repeatedly (and falsely)
 11 disparaging Gerencia and its principal, Mr. Del Villar, on social and traditional media
 12 outlets.⁷

13 70. In particular, on October 4, 2018, Cornelio Sr. and Cornelio Jr. disparaged
 14 Gerencia and Mr. Del Villar, and promoted Cove Records, during an on-camera
 15 interview with *ATM News*, published by www.videorola.com. During the interview,
 16 Cornelio Sr. gave out his telephone number and invited venue owners and concert
 17 promoters to call him and book CVYSD through Cove Records. (See
 18 <https://www.youtube.com/watch?v=eiWfWUpIp0U>).

19 71. In response to Gerencia's request that CVYSD cease and desist from
 20 making disparaging statements, CVYSD upped the ante with a flurry of new attacks.

21 72. On November 20, 2018, Cornelio Sr. again disparaged Gerencia and Mr.
 22 Del Villar in an on-camera interview with *ATM News*, calling the contractual
 23 relationship with Gerencia a "bad marriage," accusing Gerencia of "abusing his trust"

25 7 Cornelio Sr. also left a series of harassing messages on Mr. Del Villar's phone;
 26 coordinated a campaign in which CVYSD directed anonymous third-parties to send
 27 Mr. Del Villar harassing WhatsApp text messages; and posted derogatory comments
 28 about Gerencia from fake social media accounts.

1 by making him sign an exclusive contract, which he claimed that he was led to believe
 2 was merely a non-exclusive “promotional agreement,” and declaring CVYSD’s
 3 resolve to end its relationship with Gerencia. Cornelio Sr. again offered his phone
 4 number to venue owners and concert promoters in Mexico and the United States. (See
 5 <https://www.youtube.com/watch?v=MITEjE5ajuI>).

6 73. Following his father’s lead, Cornelio Jr. attacked Gerencia on his
 7 Instagram account. On November 15, 2018, he published a “roast” or spoofed version
 8 of this song, *Fue un Error Amarte*, on his Instagram account, singing:

- 9 • “*fue un error firmarte*” (“it was a mistake to sign with you”),
- 10 • “*donde están las facturas que tu me robaste*” (“where are the invoices
 that you stole from me”), and
- 11 • “*parece un plan donde tu objetivo era solo explotarme*” (“it seemed like
 a plan that had as its only objective to exploit me”),

12 13 among other false and defamatory statements against Gerencia, designed to make a
 14 mockery CVYSD’s contractual relationship with Gerencia. (See
 15 <https://www.youtube.com/watch?v=StewHZaClFY>).

16 74. Cornelio Jr. concluded his performance with the message addressed to
 17 Gerencia: “do what you wish, what is appropriate, what you have in mind, *sue me, I
 don’t give a f%ck.*” (*Id.*). (See screenshot of Cornelio Jr.’s November 15, 2018
 18 Instagram “Roast” video, a true and correct copy of which is attached hereto as **Exhibit
 7**).

19 ***CVYSD Continues to Repudiate and Breach the 360 and the Participation
 Agreements.***

20 75. In its October 5, 2018 letter, Gerencia notified CVYSD of its intention to
 21 exercise a second option period, extending the term of the 360 Agreement from
 22 October 28, 2018 to October 29, 2019.

1 76. At the same time, Gerencia advised CVYSD that its conduct constituted
 2 an anticipatory breach of the 360 Agreement under California law, entitling Gerencia
 3 to suspend its performance, until CVYSD cured its breaches and resumed performing
 4 under the agreement, in particular with respect to its payment obligations to Gerencia.
 5 (*Id.* at 3).

6 77. Nonetheless, Gerencia endeavored to extend one final olive branch, by
 7 providing CVYSD until November 5, 2018, to cure its breaches pursuant to Paragraph
 8 13 of the 360 Agreement.

9 78. CVYSD did not respond to Gerencia's October 5th letter, and made no
 10 attempt to cure it breaches.

11 79. To the contrary, CVYSD has continued to repudiate and breach the 360
 12 Agreement by, among other things: (i) booking performances without Gerencia's
 13 approval and for the benefit of a competitor label, Cove Records; (ii) failing to pay
 14 Gerencia's share of concert and merchandise sales revenues, diverting those funds to
 15 Cove Records; (iii) recording and publicly performing songs subject to the 360 and
 16 Participation Agreements for an album to be distributed by Cove Records; and (iv)
 17 promoting the future Cove Records album.

18 80. In addition, CVYSD, in particular Cornelio Jr., continues to release
 19 newly recorded and/or interpreted music and music videos on YouTube, Instagram
 20 and other social media sites, in order to promote CVYSD and Cove Records.⁸ Through
 21 these online platforms' servers located in the United States, CVYSD reproduced
 22 Gerencia's copyrighted content with the intent of reaching viewers and listeners in the
 23 United States, as well as throughout the world. CVYSD's social media posts, which
 24 featured Gerencia's copyright content, was directed to, and in fact viewed and listened

25
 26
 27 ⁸ See, e.g., <https://www.youtube.com/channel/UCs1HWuqM8-AFqxWaDK59TCw>
 28 (Cornelio Jr.'s Youtube channel).

1 to by, persons located in the United States.

2 81. CVYSD also opened and operates social media accounts, without
 3 Gerencia's authorization, on Facebook, Twitter and Instagram, to promote and sell
 4 Cove Records' future album and merchandise by the OnebyCVJR and Cove Records
 5 brands.⁹

6 82. After Gerencia sent its October 5th letter, CVYSD breached the 360
 7 Agreement by, among other acts, performing on October 17, 2018 at the *El Macro*
 8 *Joya 2018* music festival in Monterrey, Mexico. According to its social media posts,
 9 CVYSD played to a crowd of 111,500 fans:



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 18 83. Thereafter, on November 5, 2018, Cornelio Jr. published a Facebook
 19 livestream, in which he cited "legal problems" as the reason for delaying the release
 20 of the "2018 album." Cornelio Jr. stated, however, that he selected the studio, and
 21 recorded and mixed the songs, for this album, and that CVYSD would pre-release
 22 singles by the end of the month, in advance of the official release by Cove Records.

23
 24 <https://www.facebook.com/corneliovega/videos/vb.1676382762576560/2322861394>

25
 26
 27
 28 ⁹ See, e.g., <https://www.facebook.com/onebycvjr/>; <https://twitter.com/onebycvjr>; <https://www.instagram.com/onebycvjr/>.

1 [611137/?type=2&theater](#) (at 12m:30s).

2 84. Cornelio Jr. announced that the Cove Records album would contain the
 3 songs *Te Arrepentirás*, *Sin Raspar Muebles*, *Fue Un Error Amarte* and *Ven Conmigo*,
 4 all songs that had been scheduled to be released under the Gerencia label as CVYSD's
 5 second studio album. *Id.* (at 12m:33s). Cornelio Jr. also alluded to CVYSD's inability
 6 to play concerts in the United States because they lacked the requisite work visas, but
 7 announced CVYSD's intent to secure those visas in order to play those shows,
 8 encouraging his fans to continue listening and requesting CVYSD's songs on their
 9 favorite radio stations in the United States. *Id.* (at 6m:45s).

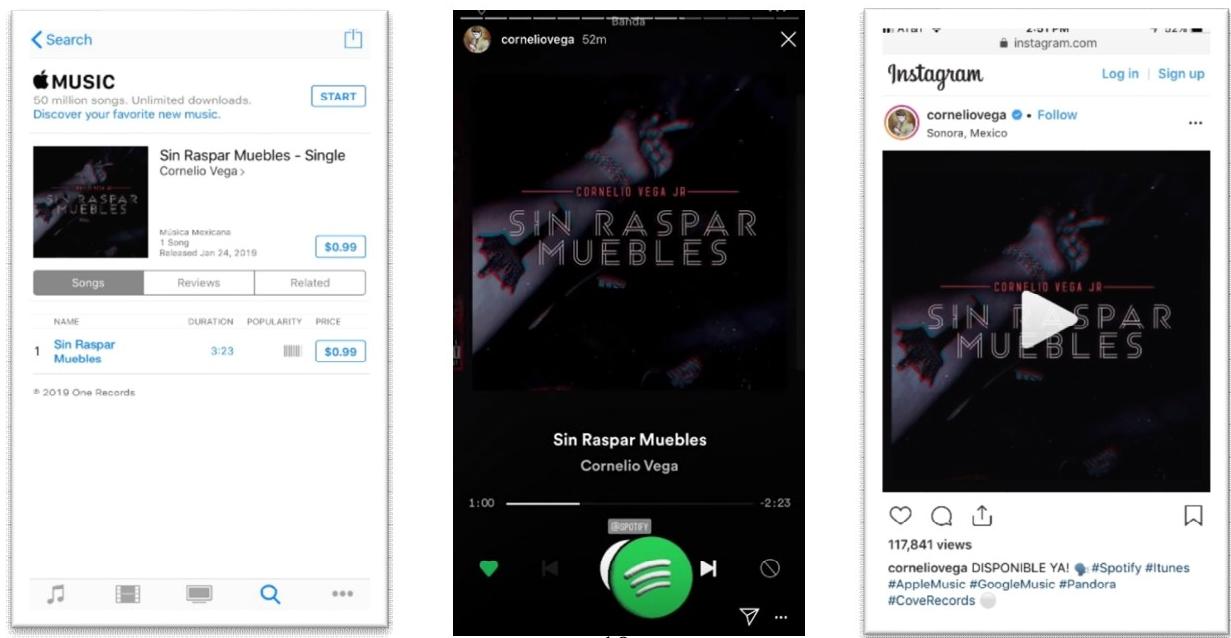
10 85. On November 16, 2018, CVYSD performed songs from the first and
 11 second albums at the festival known as *Feria Comercial Canaco Los Mochis* in
 12 Sinaloa, Mexico, and displayed music videos produced by Gerencia as a backdrop.
 13 See <https://www.youtube.com/watch?v=oqf9iBQDqDY>.

14 86. On November 25, 2018, CVYSD appeared on the television show
 15 "Pepe's Office" and performed *Fue Un Error Amarte*. See
 16 https://www.youtube.com/watch?v=6CdX6z_yHE0.

17 87. On December 6, 2018, CVYSD published its performance of a live
 18 version of *La Kushara* in collaboration with *Los De Guamuchil* on Cornelio Jr.'s
 19 YouTube channel, which was viewed over 551,000 times in the first ten days of its
 20 release. See <https://www.youtube.com/watch?v=f7hxz2uTjF4>. In this video – which,
 21 again, features a song paid for and owned by Gerencia – Cornelio Jr. promotes Cove
 22 Records with a shout-out to "*puro Cove Records*" ("pure Cove Records"), while his
 23 band members wore hats emblazoned with the Cove Records logo. (*See id.* at 1m:24s).



88. On January 24, 2019, CVYSD released *Sin Raspar Muebles* – a single originally slated to be released under the second album – on a series of digital music distribution platforms, including iTunes, Apple Music, Amazon, Spotify, Pandora, Google Play, and YouTube, as well as on social media. The associated metadata provides that *Sin Raspar Muebles* was produced by “One Records.”



1 89. In addition to flouting the exclusivity and intellectual property terms of
2 the 360 Agreement, the Participation Agreement, and the Producer Work for Hire
3 Agreement, the release of *Sin Raspar Muebles* for digital distribution also violated
4 Plaintiffs' publishing rights under the Publishing Agreement between Gerencia 360
5 Publishing, Inc. and Cornelio Jr. (hereinafter, "Publishing Agreement") (A partially
6 redacted copy of the Publishing Agreement is attached hereto as **Exhibit 8**). The
7 Publishing Agreement specifically concerned Plaintiffs' exclusive rights to publish the
8 composition in *Sin Raspar Muebles*.

9 90. *Sin Raspar Muebles* has been viewed over 700,000 times on YouTube in
10 the first week of its release.¹⁰

91. CVYSD recently announced a second show in Monterrey, Mexico, at the
Arena Monterrey, which is scheduled for March 16, 2019.

13 92. CVYSD's persistent flouting of its contractual obligations and violation
14 of Gerencia's intellectual property rights has left Gerencia with no option, but to accept
15 Cornelio Jr.'s invitation to take legal action.

FIRST CLAIM FOR RELIEF
(Breach of Contract - 360 Agreement)
(Gerencia 360 Music Against Cornelio Sr.,
Cornelio Jr. and Jesus Valentin)

19 93. Gerencia 360 Music repeats and incorporates by reference the allegations
20 in paragraphs 1 through 92 above, as if fully set forth herein.

94. The 360 Agreement is a valid and enforceable written agreement.

22 95. At all material times, Gerencia 360 Music satisfied all of its contractual
23 obligations under the 360 Agreement.

24 96. Cornelio Sr., Cornelio Jr., and Jesus Valentin (hereinafter, the “CVYSD
25 Defendants”) have breached the 360 Agreement by failing or refusing to:

¹⁰ <https://www.youtube.com/watch?v=IeoR1C6Dcl8>.

- 1 (a) complete a second studio album during the Second Option Period
2 (October 28, 2017 to October 28, 2018), by timely delivering only
3 1 out of 14 agreed-upon sound recordings (*see id.*, 360 Agreement
4 ¶¶ 3(A)(2) and (3)).
5 (b) perform at concerts in the United States booked by Gerencia (*see id.*
6 ¶ 4(B));
7 (c) cooperate and coordinate with Gerencia 360 Music in the
8 promotional activities related to the first and second studio albums,
9 including by failing to appear at scheduled “phoners,” “meet and
10 greets” and other promotional events without prior notice of
11 cancellation (*see id.*);
12 (d) advise Gerencia 360 Music of newly composed and/or recorded
13 music and music videos, including collaborations with other artists
14 (e.g. for the tracks *California Weed* and *La Kushara*), which
15 Cornelio Jr. published on YouTube without giving prior notice or
16 credit to Gerencia (*see id.* ¶¶ 2(A) and (B), 3(A), (C), (D), (E), and
17 (G), 4(A), 8 and 14);
18 (e) abide by the 360 Agreement’s exclusivity and intellectual property
19 terms, including by promoting an album to be released by the
20 competing Cove Records label, releasing single tracks originally
21 slated for the second album, and selling merchandise through the
22 competing OnebyCVJR and Cove Records brands (*id.*); and
23 (f) make payment of Gerencia’s revenue share from concerts and the
24 sale of merchandise, which CVYSD continues to undertake without
25 prior notice or approval by Gerencia under the competing Cove
26 Records label and the OnebyCVJR and Cove Records brand (*id.* ¶¶
27 2(B), 4(D), (E), and (F)).

28 97. The foregoing breaches constitute material breaches of the 360
29 Agreement.

30 98. The CVYSD Defendants’ clear and unequivocal refusal to perform its
31 obligations under the 360 Agreement also constitutes an anticipatory repudiation and
32 material breach of the agreement.

33 99. As a direct and proximate cause of such breaches of contract, Gerencia

1 360 Music has sustained and continues to sustain actual damages and harm, the exact
2 nature and extent of which will be proven at trial.

3 100. As a direct and proximate cause of such breaches of contract, Gerencia
4 360 Music will also seek to recover any profits or revenues improperly received by the
5 CVYSD Defendants in an amount to be determined at trial.

SECOND CLAIM FOR RELIEF
(Breach of Contract – Publishing Agreement)
(Gerencia 360 Publishing Against Cornelio Jr.)

101. Gerencia 360 Publishing repeats and incorporates by reference the
allegations in paragraphs 1 through 92 above, as if fully set forth herein.

102. The Publishing Agreement is a valid and enforceable written agreement.

103. At all material times, Gerencia 360 Publishing satisfied all of its contractual obligations under the Publishing Agreement.

104. Cornelio Jr. breached the Publishing Agreement by recording the track
Sin Raspar Muebles and making it available to the public for digital distribution on
iTunes, Apple Music, Amazon, Spotify, Pandora, Google Play, and YouTube, and
likely other paid and ad-supported streaming services, as well as on social media sites,
without authorization, credit or royalty revenue share paid to the 100% owner of all
publishing rights to the composition: Gerencia 360 Publishing. (See Ex. 8, Publishing
Agreement ¶¶ 1, 4, 5, 6, and 8).

105. The foregoing breaches constitute material breaches of the Publishing
Agreement.

22 106. Cornelio Jr.'s clear and unequivocal refusal to perform his obligations
23 under the Publishing Agreement also constitutes an anticipatory repudiation and
24 material breach of the agreement.

25 107. As a direct and proximate cause of such breaches of contract, Gerencia
26 360 Publishing has sustained and continues to sustain actual damages and harm, the
27 exact nature and extent of which will be proven at trial.

1 108. As a direct and proximate cause of such breaches of contract, Gerencia
2 360 Publishing will also seek to recover any profits or revenues improperly received
3 by Cornelio Jr. and/or the CVYSD Defendants in an amount to be determined at trial.

THIRD CLAIM FOR RELIEF
(Breach of Contract – Participation Agreement)
(Gerencia 360 Music Against the CVYSD Defendants)

109. Gerencia 360 Music repeats and incorporates by reference the allegations
in paragraphs 1 through 92 above, as if fully set forth herein.

110. The Participation Agreement is a valid and enforceable written
9
agreement.

111. At all material times, Gerencia 360 Music satisfied all of its contractual
1 obligations under the Participation Agreement.
-

113. The CVYSD Defendants have also breached the Participation Agreement
9 by opening and operating social media sites for the benefit of a competitor label, Cove
10 Records, and competitor brands, OnebyCVJR and Cove Records, on Facebook,
11 Twitter and Instagram. (*See id.* ¶¶ 2 and 6).

114. The foregoing breaches constitute material breaches of the Participation
Agreement.

115. The CVYSD Defendants' clear and unequivocal refusal to perform its
obligations under the Participation Agreement also constitutes an anticipatory
repudiation and material breach of the agreement.

116. As a direct and proximate cause of such breaches of contract, Gerencia

1 | 360 Music has sustained and continues to sustain actual damages and harm, the exact
2 | nature and extent of which will be proven at trial.

3 117. As a direct and proximate cause of such breaches of contract, Gerencia
4 360 Music will also seek to recover any profits or revenues improperly received by the
5 CVYSD Defendants in an amount to be determined at trial.

FOURTH CLAIM FOR RELIEF

(Breach of Contract)

(Gerencia 360 Music Against Mario Aguilar, Ruben Gonzalez and Wounded Enterprises, Inc.)

9 118. Gerencia 360 Music repeats and incorporates by reference the allegations
0 in paragraphs 1 through 92 above, as if fully set forth herein.

1 119. The Producer Work for Hire Agreement is a valid and enforceable written
2 agreement.

3 120. At all material times, Gerencia 360 Music satisfied all of its contractual
4 obligations under the Producer Work for Hire Agreement.

5 121. Messrs. Aguilar and Gonzalez, individually, collectively, and/or by or
6 through Wounded Enterprises, Inc. (collectively, the “Wounded Studios Defendants”),
7 have breached the Producer Work for Hire Agreement by improperly retaining the
8 sound recordings subject to this agreement, despite Gerencia’s demands, making a side
9 deal with the CVYSD Defendants and/or Cove Records to include these sound
10 recordings in the upcoming album to be released under the Cove Records label, and
11 thereby failing to: (i) create, contribute and produce the sound recording masters listed
12 in Schedule A of the agreement as works for hire for Gerencia; (ii) treat Gerencia as
13 the sole and exclusive owner of the copyright in those masters; and (iii) respect
14 Gerencia’s exclusive rights to sell, license or otherwise dispose of the masters, and to
15 have the first opportunity to alter, change, modify or edit them, among other breaches.

(See Ex. 3, Producer Work for Hire Agreement, Whereas Clause 1 and ¶ 1-3).

27 || 122. The foregoing breaches constitute material breaches of the Producer

Work for Hire Agreement.

123. The Wounded Studios Defendants' clear and unequivocal refusal to perform their obligations under the Producer Work for Hire Agreement also constitutes an anticipatory repudiation and material breach of the agreement.

124. As a direct and proximate cause of such breaches of contract, Gerencia
360 Music has sustained and continues to sustain actual damages and harm, the exact
nature and extent of which will be proven at trial.

125. As a direct and proximate cause of such breaches of contract, Gerencia
360 Music will also seek to recover any profits or revenues improperly received by the
Wounded Studios Defendants in an amount to be determined at trial.

FIFTH CLAIM FOR RELIEF
(Inducement of Breach of Contract)
(Gerencia 360 Music Against the Wounded Studios Defendants)

126. Gerencia 360 Music repeats and incorporates by reference the allegations in paragraphs 1 through 92 above, as if fully set forth herein.

127. The Wounded Studios Defendants knew of the existence and terms of the
360 Agreement, including that the CVYSD Defendants owed contractual obligations
to Gerencia 360 Music and were bound to exclusively render services until the
conclusion of the contractual terms.

128. In addition to direct knowledge, the Wounded Studios Defendants also had imputed knowledge of this agreement from the CVYSD Defendants.

129. With the express goal of profiting from and contracting directly with the CVYSD Defendants and Cove Records, the Wounded Studios Defendants intended to cause, and in fact caused, the CVYSD Defendants to breach the 360 Agreement, by CVYSD abandoning the completion of the second studio album and refusing to deliver the masters to Gerencia 360 Music.

130. As a direct and proximate result of the Wounded Studios Defendants' inducement of the CVYSD Defendants to breach the 360 Agreement, Gerencia 360

1 Music has been damaged in an amount to be proven at trial.

2 **SIXTH CLAIM FOR RELIEF**

3 **(Intentional Interference with Contractual Relations)**

4 **(Gerencia 360 Music Against the Wounded Studios Defendants)**

5 131. Gerencia 360 Music repeats and incorporates by reference the allegations
in paragraphs 1 through 92 above, as if fully set forth herein.

6 132. The Wounded Studios Defendants knew of the existence and terms of the
7 360 Agreement, including that the CVYSD Defendants owed contractual obligations
8 to Gerencia 360 Music and were bound to exclusively render services until the
9 conclusion of the contractual terms.

10 133. In addition to direct knowledge, the Wounded Studios Defendants also
11 had imputed knowledge of this agreement from the CVYSD Defendants.

12 134. With the express goal of profiting from and contracting directly with the
13 CVYSD Defendants and Cove Records, the Wounded Studios Defendants intended to
14 cause, and in fact caused, an actual breach or disruption of the 360 Agreement, by
15 CVYSD abandoning the completion of the second studio album and refusing to deliver
16 the masters to Gerencia 360 Music.

17 135. As a direct and proximate result of the Wounded Studios Defendants'
18 inducement of the CVYSD Defendants to breach the 360 Agreement, Gerencia 360
19 Music has been damaged in an amount to be proven at trial.

20 **SEVENTH CLAIM FOR RELIEF**

21 **(Unfair Business Competition)**

22 **(California Bus. & Prof. Code §§ 17200 *et seq.*)**

23 **(Gerencia Against the CVYSD Defendants and Cove Records)**

24 136. Gerencia repeats and incorporates by reference the allegations in
25 paragraphs 1 through 92 above, as if fully set forth herein.

26 137. The CVYSD Defendants conspired with Cove Records to pass off, and
27 did pass off, musical works and/or merchandise governed by the 360, Publisher,
28 Participation and Producer Work for Hire Agreements as belonging to CVYSD,

1 individual band members, and/or Cove Records, which constitutes unfair business
 2 practices in violation of California Business & Professions Code §§ 17200, *et. seq.*

3 138. The CVYSD Defendants and Cove Records have been able to
 4 successfully pass or attempt to pass off upon the public the goods or business of
 5 Gerencia as belonging to the CVYSD Defendants and/or Cove Records, ignoring
 6 Gerencia's intellectual property rights under the 360, Publisher, Participation and
 7 Producer Work for Hire Agreements, including rights emanating from the work-for-
 8 hire, copyright, and name, image and likeness provisions of the agreements.

9 139. In promoting and intentionally including the name of Cove Records in
 10 marketing activities associated with the music and music videos belonging to
 11 Gerencia, the CVYSD Defendants and Cove Records have created a likelihood of
 12 confusion among the public as to the original source of those works.

13 140. The CVYSD Defendants and Cove Records' actions constitute unlawful,
 14 unfair, deceptive and/or fraudulent business practices in violation of California
 15 Business & Professions Code §§ 17200, *et. seq.*

16 141. The CVYSD Defendants and Cove Records have also unfairly competed
 17 with Gerencia by capitalizing on Gerencia's significant financial investment in
 18 CVYSD for the exclusive benefit of CVYSD, its individual band members and Cove
 19 Records. CVYSD's audiovisual works composed and produced as a result of this
 20 investment, and the merchandise sold as a result of the band's fame, are now being
 21 passed off as belonging to Cove Records, which competes for the Mexican, Mexican
 22 American and Mexillenial listeners in California and other states.

23 142. The CVYSD Defendants have further unfairly competed by falsely
 24 attacking Gerencia and slandering Gerencia and Mr. Del Villar's business reputation
 25 on widely disseminated group chats and social media accounts.

26 143. The CVYSD Defendants and Cove Records' wrongful acts have
 27 proximately caused and will continue to cause Gerencia substantial damage, both from

1 lost income and profits under the 360, Publisher, Participation and Producer Work for
2 Hire Agreements, and from lost future business from potential artists who may find
3 credible Defendants' smear campaign, and/or may wish to produce music through
4 Cove Records.

5 144. By reason of their wrongful acts, the CVYSD Defendants and Cove
6 Records have been unjustly enriched at the expense of Gerencia in a substantial sum,
7 and Gerencia is entitled to the restitution of this sum, which is as yet unknown to them.

8 145. Pursuant to California Business & Professions Code § 17203, Gerencia is
9 also entitled to disgorgement of ill-gotten gains in order to prevent further acts of unfair
10 competition.

11 146. The CVYSD Defendants and Cove Records' acts of unlawful competition
12 have caused irreparable and incalculable injury to Gerencia and, unless enjoined, could
13 cause additional irreparable and incalculable injury, as to which Gerencia has no
14 adequate remedy at law. The CVYSD Defendants and Cove Records threaten to, and
15 unless restrained will, continue to engage in unfair competition.

16 147. The CVYSD Defendants and Cove Records' acts of unfair business
17 practices are ongoing and, as a result, they should be enjoined from further acts,
18 practices and conduct that constitute unlawful business practices as defined by
19 California Business & Professions Code §§ 17200, *et. seq.*

20 148. At all times mentioned herein, the CVYSD Defendants and Cove Records
21 intentionally, willfully, fraudulently and maliciously acted to defraud and oppress
22 Gerencia, Mr. Del Villar and its employees, including by making threats to their safety
23 and well-being during concerts that took place in Mexico. As a result of such conduct,
24 Gerencia is entitled to punitive damages pursuant to California Civil Code § 3294 in
25 an amount to be proven at trial.

1 **EIGHTH CLAIM FOR RELIEF**
2 **(Copyright Infringement)**

3 **(Gerencia 360 Publishing, Inc. Against the CVYSD Defendants and
4 Cove Records)**

5

6 149. Gerencia 360 Publishing repeats and incorporates by reference the
7 allegations in paragraphs 1 through 92 above, as if fully set forth herein.

8

9 150. The audiovisual works composed by CVYSD and its individual band
10 members under the 360 and Publisher Agreements (hereinafter, the “Works”) are
11 original creative works of art fixed in a tangible means of expression that constitute
12 compositions and/or sound recordings pursuant to 17 U.S.C. § 102(a), and are subject
13 to copyright protection under the Copyright Act, 17 U.S.C. §§ 101 *et seq.*

14

15 151. Gerencia 360 Publishing is the owner of all copyright interests in the
16 Works as works-for-hire or pursuant to an assignment. (*See* 360 Agreement ¶ 3(G)).

17

18 152. Gerencia 360 Publishing has complied or will comply with all copyright
19 registration requirements for the Works. Specifically, Gerencia 360 Publishing
20 registered compositional copyrights (music and lyrics) to the following tracks from the
21 first studio album, *El Problema*: (i) *El Primero* (PA002093731); (ii) *Las Tekates*
22 (PA002099334); (iii) *El Problema* (PA002093727); and (iv) *No Me Hubiera
23 Enamorado* (PA002093755).¹¹

24

25 153. Gerencia 360 Publishing also registered compositional copyrights (music
26 and lyrics) to *La Kushara* (PA002123772) from the unfinished second studio album,
27 as well as *Cambio de Papeles* (PA002123775) and *Fue Un Error Amarte*
28 (PA2134698).¹² Gerencia 360 Publishing applied for a compositional copyright
29 (music and lyrics) to *Sin Raspar Muebles*, also from the unfinished second studio

25 ¹¹ *See* U.S. Copyright Registrations, a true and correct copy of which is attached
26 hereto as **Composite Exhibit 9**.

27 ¹² *See* U.S. Copyright Registrations, a true and correct copy of which is attached hereto
28 as **Composite Exhibit 10**.

1 album.¹³

2 154. Gerencia 360 Publishing has the right and standing to enforce its
 3 exclusive copyrights to the Works.

4 155. The CVYSD Defendants and Cove Records have reproduced, copied,
 5 publicly performed, distributed and prepared derivative works based upon, and
 6 distributed copies of the Works for their own use, without Gerencia 360 Publishing's
 7 permission or authorization, including through continuing unauthorized public
 8 performances of the Work at concert shows and postings on YouTube and social media
 9 sites. In particular, during their recent concerts in November 2018 at music festivals
 10 in Monterrey and Sinaloa, Mexico, and in social media posts on YouTube and
 11 Facebook, among others, directed towards and broadcast in the United States, the
 12 CVYSD Defendants publicly performed and created derivative versions of *La*
 13 *Kushara* and *Fue Un Error Amarte*, among other works. Further, together with Cove
 14 Records, the CVYSD Defendants have distributed these performances via the Internet
 15 and social media.

16 156. The CVYSD Defendants also released *Sin Raspar Muebles* for digital
 17 distribution on iTunes, Apple Music, Amazon, Spotify, Pandora, Google Play, and
 18 YouTube, and likely other paid and ad-supported streaming services, as well as on
 19 social media.

20 157. The CVYSD Defendants and Cove Records' conduct constituted, and
 21 continues to constitute, infringement upon Gerencia 360 Publishing's exclusive rights
 22 to reproduce, copy, prepare derivative works based upon, license, distribute and
 23 broadcast the Works, all in violation of 17 U.S.C. §§ 106 and 501, paragraph 3(G) of
 24 the 360 Agreement, and paragraphs 1, 4, 5, 6, and 8 of the Publisher Agreement.

25
 26
 27 ¹³ See U.S. Copyright Application for *Sin Raspar Muebles*, a true and correct copy of
 28 which is attached hereto as **Exhibit 11**.

158. The CVYSD Defendants and Cove Records' infringement was, and continues to be, knowing, intentional, deliberate, willful, malicious, and in blatant disregard of Gerencia 360 Publishing's exclusive rights.

159. As the owner of these Works, Gerencia 360 Publishing is entitled to temporary and permanent orders impounding and producing to Gerencia 360 Publishing all infringing materials, including but not limited to all originals, copies, and reproductions, in whole or in part, and derivatives of any recordings of the Works in the possession, custody or control of the CVYSD Defendants and Cove Records, or any of their agents, pursuant to 17 U.S.C. § 503.

160. The CVYSD Defendants and Cove Records' infringing conduct has caused Gerencia 360 Publishing to suffer damages and harm, including, but not limited to, lost revenues and profits, lost market share, loss of goodwill and reputation, and other damages, including costs and attorneys' fees, the exact nature and extent of which will be proven at trial.

161. Accordingly, Gerencia 360 Publishing is entitled to an award against the CVYSD Defendants and Cove Records for the recovery of Gerencia 360 Publishing's profits, if any, Gerencia 360 Publishing's actual damages or statutory damages, punitive damages, and attorneys' fees and costs, pursuant to 17 U.S.C. §§ 504 and 505.

NINTH CLAIM FOR RELIEF
(Contributory Copyright Infringement)

(Gerencia 360 Publishing, Inc. Against the Wounded Studios Defendants)

162. Gerencia 360 Publishing repeats and incorporates by reference the allegations in paragraphs 1 through 161 above, as if fully set forth herein.

163. The Wounded Studios Defendants knew or had reason to know of the CVYSD Defendants and Cove Records' infringement of the Works in the manner described in paragraphs 149 to 161.

164. The Wounded Studios Defendants intentionally induced and/or materially contributed to the CVYSD Defendants and Cove Records' infringement of

1 the Works by taking affirmative steps to foster their infringing activity.

2 165. Specifically, the Wounded Studios Defendants intentionally induced and
3 materially contributed to CVYSD abandoning the completion of the second studio
4 album, and then refused to deliver the masters to Gerencia 360 Publishing.

5 166. Upon information and belief, Messrs. Aguilar and Gonzalez made a
6 separate deal with CVYSD to provide the band with the sound recordings for use in
7 Cove Record's upcoming release, thereby materially contributing to the CVYSD
8 Defendants and Cove Records' infringement of the Works in the manner described in
9 paragraphs 149 to 161.

10 167. The Wounded Studios Defendants' conduct constituted, and continues to
11 constitute, contributory infringement upon Gerencia 360 Publishing's exclusive rights
12 to reproduce, copy, prepare derivative works based upon, license, distribute and
13 broadcast the Works, all in violation of 17 U.S.C. §§ 106 and 501, paragraph 3(G) of
14 the 360 Agreement, and paragraphs 1, 4, 5, 6, and 8 of the Publisher Agreement.

15 168. The Wounded Studios Defendants' contributory infringement was, and
16 continues to be, knowing, intentional, deliberate, willful, malicious, and in blatant
17 disregard of Gerencia 360 Publishing's exclusive rights.

18 169. As the owner of the Works, Gerencia 360 Publishing is entitled to
19 temporary and permanent orders impounding and producing to Gerencia 360
20 Publishing all infringing materials, including but not limited to all originals, copies,
21 and reproductions, in whole or in part, and derivatives of any recordings of the Works
22 in the possession, custody or control of the Wounded Studios Defendants, or any of
23 their agents, pursuant to 17 U.S.C. § 503.

24 170. The Wounded Studios Defendants' infringing conduct has caused
25 Gerencia 360 Publishing to suffer damages and harm, including, but not limited to,
26 lost revenues and profits, lost market share, loss of goodwill and reputation, and other
27 damages, including costs and attorneys' fees, the exact nature and extent of which will
28

1 | be proven at trial.

2 171. Accordingly, Gerencia 360 Publishing is entitled to an award against the
3 Wounded Studios Defendants' for the recovery of Gerencia 360 Publishing's profits,
4 if any, Gerencia 360 Publishing's actual damages or statutory damages, punitive
5 damages, and attorneys' fees and costs, pursuant to 17 U.S.C. §§ 504 and 505.

TENTH CLAIM FOR RELIEF
(Unjust Enrichment – In the Alternative)
(Gerencia Against The CVYSD Defendants and Cove Records)

8 172. Gerencia repeats and incorporates by reference the allegations in
9 paragraphs 1 through 92 above, as if fully set forth herein.

1 173. The CVYSD Defendants and Cove Records have been unjustly enriched
2 by their receipt of monies invested by Gerencia in exchange for the CVYSD
3 Defendants' provision of intellectual property rights and economic entitlements. The
4 CVYSD Defendants and Cove Records have accepted the benefits conferred upon
5 them, but refused to provide Gerencia with return consideration, including, without
limitation, revenue generated from concerts, live events and the sale of merchandise.

7 174. The CVYSD Defendants and Cove Records have also been unjustly
8 enriched by the investment Gerencia made in them to record and produce two original
9 studio albums and to engage in concert touring and promotional activities, without
delivering to Gerencia the full benefit of their promised performance.

175. The CVYSD Defendants and Cove Records were aware of, and had knowledge of, the benefits conferred upon them by Gerencia. The CVYSD Defendants and Cove Records' acceptance and retention of these monies paid or made possible by Gerencia would be unjust.

176. In addition, The CVYSD Defendants and Cove Records have used and
are continuing to use Gerencia's Works and to trample upon Gerencia's intellectual
property rights to their own commercial advantage.

177. The CVYSD Defendants and Cove Records have engaged in these actions

1 wrongfully, without Gerencia's consent, and have done so to their advantage and
2 benefit.

3 178. As a direct and proximate result of their conduct, the CVYSD Defendants
4 and Cove Records have been unjustly enriched in an amount to be proven at trial.

5 179. Gerencia is entitled to the return of all economic benefits which the
6 CVYSD Defendants and Cove Records derived from Gerencia.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray the Court for judgment and relief as follows:

For judgment in favor of Gerencia and against Defendants;

For actual and compensatory damages for the CVYSD Defendants and/or their individual members' breach of the 360, Publisher and the Participation Agreements in an amount to be established at trial, together with pre-judgment and post-judgment interest thereon at the maximum legal rate;

4 For actual and compensatory damages for the Wounded Studios Defendants'
5 breach of the Producer Work for Hire Agreement in an amount to be established at
6 trial, together with pre-judgment and post-judgment interest together thereon at the
7 maximum legal rate;

8 That the Wounded Studios Defendants be adjudged liable for having induced
9 the CVYSD Defendants to breach the 360 Agreement and/or for intentionally
0 interfering with the CVYSD Defendants' contractual relations with Gerencia 360
1 Music by virtue of this agreement;

That the CVYSD Defendants and Cove Records be adjudged to have committed unfair business practices in violation of California Business & Professions Code §§ 17200, *et. seq.* and Gerencia be awarded all remedies afforded by this statute;

5 That the CVYSD Defendants and Cove Records be adjudged to have infringed
6 Gerencia 360 Publishing's intellectual property rights in and to the Works, including

1 its rights under California common law, and the Copyright Act, 17 U.S.C. §§ 106 and
2 501;

3 That the Wounded Studios Defendants be adjudged liable to have contributorily
4 infringed Gerencia 360 Publishing's intellectual property rights in and to the Works,
5 including its rights under California common law, and the Copyright Act, 17 U.S.C.
6 §§ 106 and 501;

7 That the CVYSD Defendants, Cove Records, Wounded Studios Defendants and
8 all of their officers, directors, employees, agents, representatives, affiliates,
9 subsidiaries, distributors and all persons acting in concert with them be forthwith
10 preliminarily and thereafter permanently enjoined from infringing Gerencia 360
11 Publishing's Works pursuant to 17 U.S.C. § 502;

12 That the CVYSD Defendants, Cove Records, Wounded Studios Defendants and
13 all of their officers, directors, employees, agents, representatives, affiliates,
14 subsidiaries, distributors and all persons acting in concert with them be forthwith
15 preliminarily and thereafter permanently ordered to impound and produce to Gerencia
16 all infringing materials, including newly recorded music, pursuant to 15 U.S.C. § 1118
17 and 17 U.S.C. § 503;

18 That Defendants be required to account to Gerencia for any and all profits
19 derived by their exploitation of the Works and user generated content on social media;

20 That Defendants be ordered to pay over to Gerencia all damages, including
21 future damages, that Gerencia has sustained, or will sustain, as a consequence of the
22 acts complained of herein, subject to proof at trial;

23 That Gerencia be awarded any profits derived by the CVYSD Defendants, Cove
24 Records and Wounded Studios Defendants as a result of said acts, or as determined by
25 said accounting, or in the alternative, statutory damages, pursuant to 15 U.S.C. § 1118
26 and 17 U.S.C. § 504;

That Gerencia be awarded its costs, attorney's fees, and expenses in this action pursuant to 15 U.S.C. § 1117(a), 17 U.S.C. § 505, and paragraphs 15 and 21(D) of the 360 Agreement, as applicable.

4 For punitive damages from the CVYSD Defendants, Cove Records and
5 Wounded Studios Defendants pursuant to California Civil Code § 3294; and

6 For such other relief as this Court deems just and proper.

JURY TRIAL DEMAND

Gerencia respectfully demands a trial by jury on all claims and issues so triable pursuant to Rule 38 of the Federal Rules of Civil Procedure.

Dated: February 7, 2019

STROOCK & STROOCK & LAVAN LLP
JAMES G. SAMMATARO
HANS HERTELL (*PRO HAC VICE PENDING*)

By: _____ /s/ James G. Sammataro
James G. Sammataro

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Gerencia 360 Publishing, Inc.